

August 7, 1998

Mr. W. John Schmidt, Executive Director
Department of Fish and Game
Wildlife Conservation Board
801 K Street, Suite 806
Sacramento, CA 95814

Dear Mr. Schmidt:

This letter follows up on our recent meeting and some of the questions raised in your letter dated June 8, 1998, concerning your review of the Recipient Agreement. I would like to note each point made in your letter with my conclusions and response.

Generally it is my desire not to place an unnecessary burden on any of the recipients of Category III funds. Furthermore, I do not want to duplicate any effort on the part of our respective staffs in administration of these contracts. However, there are procedures established to ensure consistency. With these thoughts in mind I offer the following comments:

1. a) For state agencies, Contact Administrator advance review of all subcontracts is not necessary, provided you are willing to insure and take responsibility to see that applicable language (as referenced in attachment D of the 1997 RFP) is included in each of the subcontracts. We would eventually be provided with a copy of each contract wherein we can verify such upon demand for payment, and as you stated, could withhold payment if the procedures are not followed.
- b) You can submit task orders for a phase of a project or for the entire project if all the costs and details are available. For example, if a parcel has been identified for acquisition, that acquisition can be a task order.
- c) While CALFED and the Resources Agency have worked cooperatively to expedite payment, and we expect to be able to pay invoices within 30 days, we cannot make that a requirement in the contract.

CALFED Agencies

California The Resources Agency
Department of Fish and Game
Department of Water Resources
California Environmental Protection Agency
State Water Resources Control Board

Federal Environmental Protection Agency
Department of the Interior
Fish and Wildlife Service
Bureau of Reclamation
U.S. Army Corps of Engineers

Department of Agriculture
Natural Resources Conservation Service
Department of Commerce
National Marine Fisheries Service

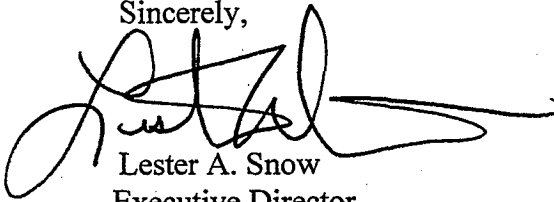
W. John Schmidt, Executive Director
August 7, 1998
Page Two

2. Monitoring is a very important component of the Program and we are willing to work with recipients on this issue. We would be happy to review a description of what you propose to do to monitor restoration efforts at whatever level of detail you currently have available. If additional monitoring needs are required we anticipate that the contract will be amended to cover costs.
3. CEQA compliance on projects is a very sensitive issue and we need to have a copy of applicable documents in our files.
4. a) The requirement under the Rights in Data clause can be written to avoid difficulties during negotiations. However, these records will eventually become public.
b) Of the clauses you mention in Section 4, only the indemnification and the independent status clauses are required. These are necessary because "CALFED" includes non-state agencies. However, we will remove reference to "State of California".

We were glad to have the opportunity to work through these issues with you and look forward to a strong partnership as we proceed with implementation of one of the largest ecosystem restoration efforts in the country.

If you have additional questions, please contact Ms. Cindy Darling at (915) 653-5950.

Sincerely,

A handwritten signature in black ink, appearing to read "Lester A. Snow", with a long horizontal flourish extending to the right.

Lester A. Snow
Executive Director

cc: Spencer Shepherd, NFWF
Georgia Lipphart, WCB
Jim Sarro, WCB
Danae Aitchison, AG
Mazzoni Meaghan, TNC
Jeff Phipps